

## **The complaint**

Mr A complains Prepaid Financial Serviced Limited ("PFSL") blocked his account and has withheld funds of around £7,000 in it.

## **What happened**

In December 2021, PFSL blocked Mr A's account and withheld the funds. Mr A says he's made several attempts to speak to PFSL about this, but he has had no answers.

Mr A says he was helping his cousin's friend in the UK to exchange currencies. And as part of this he was sent money from someone he didn't know – but was told it was the friend in the UK's wife. As the account was blocked shortly after Mr A received these funds, he thinks this has something to do with the block.

Mr A says he has been severely ill requiring hospitalisation and frequent visits to the hospital since. Because of this, he hasn't taken up this matter more proactively until referring his complaint to this service in June 2022.

PFSL later closed Mr A's account but retained the funds in it.

Following this service's involvement, PFSL asked Mr A if he was happy the funds in his account were returned to the remitters – that is, to source. Mr A wasn't happy to do this.

One of our Investigator's then looked into Mr A's complaint. In summary, they found:

- PFSL blocked Mr A's account in line with its regulatory obligations and terms of the account
- Though there isn't a set time frame for an investigation to be completed, it should be done in a pro-active and timely fashion. But PFSL haven't done so here
- Despite Mr A volunteering information about the source of his funds, PFSL did nothing to investigate his entitlement to the funds
- So PFSL should return the funds to Mr A, and pay him 8% simple interest from 29 January 2022 until payment is made

Mr A agreed with what our Investigator said. But as PFSL has not responded, this complaint has been passed to me to decide.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Financial businesses in the UK, like PFSL, are strictly regulated and must take certain

actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to restrict, or in some cases go as far as closing, customers' accounts.

Having looked at PFSL's reasons, and the information to support this, I'm satisfied it acted in line with its obligations when restricting Mr A from accessing his account. PFSL is under no obligation to explain why.

Under the circumstances I've seen that led to this restriction, I'd expect PFSL to investigate the matter by making relevant enquires and obtaining information regarding Mr A's entitlement to the funds in his account. PFSL has not shown it did this.

So, based on what I've seen, which includes the limited information PFSL have sent me, I'm persuaded it has failed to exercise due diligence, and thereby caused substantive delay. Because of this, I'm satisfied it needs to release Mr A's funds.

Mr A has been deprived of his funds, and it is in line with this service's approach to award 8% simple interest to compensate for this. It's not straightforward to determine from when PFSL should do this, given it's not possible to say exactly when an investigation it should have done would take.

But because I have little to go on, I think January 2022 till settlement would be fair and reasonable in the circumstances of this complaint. That's a little under a month from when the blocks were applied, but longer still from when PFSL's review started.

Mr A is not complaining about his account being closed. And as it appears he wasn't getting any salary or benefits paid into it, I don't think I need to consider this point here. I also note Mr A hasn't said this matter has caused him any distress or inconvenience. More so he complains of being deprived of his funds. So I don't make any such award.

### **Putting things right**

To put things right, PFSL should release Mr A's funds to him and pay 8% simple interest on them from 29 January 2022 until settlement\*

\*If PFSL considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I uphold this complaint in part. Prepaid Financial Services Limited must now put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 November 2023.

Ketan Nagla  
**Ombudsman**